

302 KAR 3:010. Linked Deposit Investment Program.

RELATES TO: KRS 41.600-41.620

STATUTORY AUTHORITY: KRS 41.606(7)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 41.606(7) requires the Department of Agriculture to promulgate administrative regulations establishing the conditions for eligibility of agribusinesses for loans through the Linked Deposit Investment Program. This administrative regulation establishes the conditions for eligibility of agribusinesses for loans through the Linked Deposit Investment Program, provides for agency review of the information provided by the lending institution as part of the loan package, and incorporates the form that must be completed and submitted to the department for an agribusiness to apply for a Linked Deposit Investment Program loan.

Section 1. Definitions. (1) "Applicant" means an agribusiness which has completed a loan package in conjunction with an eligible lending institution for a linked deposit investment program loan.

(2) "Department" means the Department of Agriculture.

(3) "Eligible agribusiness" is defined by KRS 41.600(2).

(4) "Eligible lending institution" is defined by KRS 41.600(3).

(5) "Linked deposit investment" is defined by KRS 41.600(4).

(6) "Linked Deposit Investment Program loan" means a loan approved by the Department of Agriculture:

(a) Which is eligible for funding out of the unclaimed and abandoned property program administered by the Department of Treasury; and

(b) For which the State Investment Commission has accepted a linked deposit investment with an eligible lending institution.

(7) "Loan package" means the:

(a) "Agribusiness Linked Deposit Loan Application"; and

(b) Lending institution's application for the loans.

Section 2. Loan Package Approval Standards. (1) An eligible lending institution shall submit the original and two (2) copies of the loan package to the Department of Agriculture at Capital Plaza Tower, 7th floor, 500 Mero Street, Frankfort, Kentucky 40601.

(2) The department shall review the information provided by the applicant in the Agribusiness Linked Deposit Loan Application to determine whether the applicant is an eligible agribusiness as defined by KRS 41.600(2).

(3)(a) The department shall return an incomplete loan package to the eligible lending institution which submitted the application on behalf of the applicant.

(b) The completed loan package may be resubmitted to the department for approval.

Section 3. Loan and Investment Approval Process. (1) Funds available for Linked Deposit Investment Program loans shall:

(a) Be based on the recommendation contained in the Department of Treasury annual report submitted pursuant to subsection (2) of this section; and

(b) Not exceed the limits established by the State Investment Commission.

(2) The Department of Treasury shall submit an annual report to the State Investment Commission and the Department of Agriculture no later than March 31 of each year, detailing the amount of money in the unclaimed and abandoned property fund.

(3) Approval for a new application for a linked deposit investment may be denied or an existing investment revoked by the State Investment Commission for failure of the financial institution to meet and maintain the eligibility requirements prescribed in KRS 42.500 and 200 KAR Chapter 14

for each investment type.

Section 4. Repayments. The eligible lending institution shall remit to the State Investment Commission by June 30 of each year all loan principal repayments for the preceding year beginning June 1 and ending May 31.

Section 5. Reporting Requirements. (1) Within thirty (30) days from the date a linked deposit investment has been funded by the State Investment Commission, the eligible lending institution shall submit written documentation to the department describing with particularity the actual terms of the loan agreement between the applicant and the eligible lending institution, including:

- (a) The loan amount;
- (b) The interest rate charged to the applicant;
- (c) The length of time permitted for repayment of the loan; and
- (d) Any other terms or documents required by the eligible lending institution to execute the loan.

(2) The State Investment Commission shall submit to the Department of Agriculture a copy of the letter confirming each approved linked deposit investment with the eligible lending institution no later than thirty (30) days after the date the Linked Deposit Investment Program loan has been funded.

(3) The eligible lending institution shall submit to the Department of Agriculture on or before August 1 of each year a report summarizing the status and total of each Linked Deposit Investment Program loan outstanding with the lender, including, but not limited to the beginning balance, ending balance and principal repayments received during the year.

Section 6. Incorporation by Reference. (1) The "Agribusiness Linked Deposit Loan Application (7/96)" is incorporated herein by reference.

(2) A copy of the application may be inspected, copied or obtained from the Department of Agriculture, Capital Plaza Tower, 7th Floor, 500 Mero Street, Frankfort, Kentucky 40601 from 8 a.m. to 4:30 p.m., Monday through Friday, (502) 564-4696. (23 Ky.R. 2898; Am. 3367; 3561; eff. 4-9-97.)